

**WEST VILLAGE CONDOMINIUM ASSOCIATION
ANNUAL OWNERS MEETING
FEBRUARY 25, 2022**

MINUTES

CALL TO ORDER

Steve Stafford called the meeting to order at 6:00 pm on Friday, February 25, 2022. The meeting was held via Zoom video conference.

ATTENDANCE

Board Members in attendance were as follows:

- Vince Jones
- Bradley Stieber
- Michele Ziccardi
- Edgar Luevanos (via proxy to Vince Jones)

Other owners in attendance were as follows:

- Gretchen Ebbeson
- William Simon (via proxy to Vince Jones)
- Sarah Duffus
- Deron Dirksen and Melissa Barbour

Other persons in attendance were as follows:

- Claudia Wells
- Karen Parra
- Blair Simon and Anthony Cornell

ESTABLISHMENT OF QUORUM

Steve Stafford said that the Bylaws require attendance by at least 25% of the sharing percentages of the owners to constitute a quorum. Although sharing percentages vary a little bit between units, it basically takes 10 units to constitute a quorum in this Association. Steve determined that a quorum did not exist. Vince Jones voiced concern that without a quorum, the 2022 budget could not be approved. Steve Stafford said that the 2022 budget had already been approved by the Board of Directors and it was only subject to ratification by the owners. The Bylaws specify that after the Board approves the budget, it is then sent to the owners subject to ratification at the annual owners meeting. Unless at that meeting at least 60% of the membership of the owners rejects that budget, the budget is ratified, whether or not a quorum is present.

APPROVAL OF MINUTES FROM PREVIOUS OWNERS MEETING

The minutes were approved.

FINANCIAL REPORT

Steve Stafford presented the financial statements. He had previously emailed or mailed the 2021 year-end profit and loss budget performance statement and the 2021 year-end balance sheet to all members of the Association.

Landscape maintenance was over budget, however comments that Steve received in 2021 indicated that SHC Landscaping had made definite improvements in the landscape maintenance since taking over from M&M Maintenance in 2021. Steve said that he thought the Association had received pretty good value for money from SHC. They have agreed to handle the landscape maintenance again in 2022. Vince Jones was instrumental in getting SHC to amend their initial proposal for 2022. In the process, the Association signed up for the next three years with SHC. In exchange for a three year contract, SHC was willing to make quite a few changes to their proposal that benefited the Association substantially over the next three years. Steve said that he appreciated Vince's assistance on that.

General repairs and maintenance was over budget by a little bit. Irrigation maintenance was under budget by a substantial amount. Custodial was under budget by a small amount. Snow removal (plowing) was under budget and snow shoveling was over budget, so those two line items kind of cancelled each other out. Trash removal was over budget. Steve said he was bidding the trash removal out at the current time. Waste Management is giving the Association a new proposal, but Steve is getting bids from Vail Valley Waste and Vail Honeywagon also. The Association is at the end of a three year contract this year with Waste Management. Steve is hoping that the bidding process will end up saving the Association some money.

Pest control was over budget by a small amount. Water and sewer was under budget by a small amount. Irrigation water was under budget by a substantial amount. Common electric was under budget by a small amount. Legal and professional was over budget by a small amount. Bookkeeping was right on budget. Management fees were under budget by a small amount. Insurance was under budget by a small amount, which is kind of surprising because insurance premiums have really been going up lately. The reason is partially because of all the huge wildfire claims that have occurred recently in western states. Insurance premiums in general have been going up substantially in recent years. Steve said that one of his other homeowner associations had a 40% increase in the insurance premium this year. Miscellaneous was an insignificant amount. Office and administrative expense was substantially under budget. Bank and service charges were also under budget.

The Association ended up with \$2,369 of net income, which was rolled into the replacement reserve fund after the end of 2021. Steve asked if anyone had any questions about this financial statement. There were none.

Steve then reviewed the 2021 year-end balance sheet. The Association had approximately \$5,500 in the operating account and \$188,871 in the replacement reserve money market account. The Association had a working capital reserve of \$7,600. That was set up originally when the Association was formed. Every time a unit sells, the seller gets their working capital back and the new owner pays a new working capital amount. That keeps the working capital reserve viable. Steve asked if anyone had any questions on the balance sheet. There were none.

2022 BUDGET

Steve Stafford said that Claudia Wells had prepared the first proposed 2022 budget and then Vince Jones had done a lot of work on it. A letter dated February 14, 2022 from Vince had been included in the package of documents that was emailed to all members of the Association on February 15, 2022. That letter offered a lot of explanation regarding the 2022 budget that had been approved by the Board and was subject to ratification by the owners at this meeting. Steve turned this part of the meeting over to Vince.

Vince said he had analyzed the funding of the replacement reserve fund in relation to the replacement reserve study that had been done by Borne Consulting in 2019. The Association had a special assessment in 2021. It was meant to recover some overruns that had occurred over the past three years. That special assessment accomplished that goal. He looked at what Borne Consulting expected over the next few years. By the end of 2027, they anticipated that the Association will need about \$700,000 to \$800,000 of funds for repair or replacement projects. The Association was not going to get there at the rate that the Association was collecting replacement reserve funds in the annual budgets.

Vince calculated that in order to keep pace with the recommendations and estimates from the study, the Association would need to collect an additional \$12,000 per year in order to properly fund those property repairs or replacements. The 2022 budget approved by the Board includes \$159,531 for operations and \$55,400 for the replacement reserve fund (\$43,200 as recommended by the study plus \$12,200 additional funds found necessary by the Board). That \$12,000 per year will be collected each year in addition to what the study is recommending.

Vince said that he thinks the Association will get an update to the study in a year or two because he's hoping that not all of the projects in the study will need to be done on the schedule shown in the study or possibly at all. If that's the case, the reserve collections can possibly be reduced some. Right now the Association is just trying to make sure that by 2027, the Association will have enough funds in the reserve to pay for all projects shown in the study to be needed by 2027.

Vince also took a look at inflation and how that might affect the operating costs. He doesn't think that the current 6.5% inflation rate will affect all expense line items equally. He looked at those expenses over the past 4 or 5 years. He estimated each line item based on historical data and then applied a 4% inflation factor to those figures. In some line items where the Association has done some extra projects that cost additional amounts, such as landscaping, he put some extra funds in to make sure that those kinds of projects would be paid for.

The goal is not to have any special assessments over the next few years. What that means is that the Association needed about \$215,000 of total income in 2022. The Board expects expenses to be about \$160,000, which would leave about \$55,400 to be put into the replacement reserve fund at the end of the year.

Vince asked if anyone had any questions about the 2022 budget. Bradley Stieber asked how that affects the dues. Vince said that total dues would increase by approximately 7.4%. Steve pointed out that the 2021 special assessment amount also needs to be included in that calculation, since

there will not be any special assessment in 2022. That amount has basically been rolled into the 2022 replacement reserve dues.

Sarah Duffus asked what the replacement reserve projects would be. Vince listed projects including the following: building exteriors, parking lots, sidewalks, roof repairs, gutter repairs, repainting, lifting sidewalks that have settled (some was done last year), curb repairs and parking lot repaving.

The companies who do the replacement reserve studies specialize in estimating how long each physical component of a property will last and how much it will cost to repair or replace each component in the future. They develop schedules into the future with the intent that the Association will not need to do any special assessments to fund those projects when they are needed. Steve recommended that everyone review the replacement reserve study that can be seen on the Association's website. Steve said that the replacement reserve companies have to be very conservative with their project schedules and with their cost estimates. Projects often happen later on the timeline than forecasted in the studies, which helps Associations accrue the funds for those projects.

Deron Dircksen asked for more clarification on the amount of the dues increase. Vince explained that when he prepared the 2022 budget, he increased all of the operating expenses by 4%, recognizing that some would go up more than 4% and some would go up by less. When you add all of those operating expenses up, you get approximately \$160,000. To that, we have to add reserve funding. That amount is \$55,400, which was based on the reserve study. That adds up to approximately \$214,931. If you compare that amount to the total from 2021, you get a 7.4% increase. If you multiplied your last years total monthly payment (operating and replacement reserve dues) by 1.074, that should give you your total monthly payment in 2022.

Steve Stafford pointed out that the 2021 special assessment of \$20,800 was not billed out and collected in monthly payments. It was billed out as an annual amount that could be paid monthly if desired. That being the case, you need apply the 7.4% increase to the total of last year's operating dues, replacement reserve dues and the monthly amount of the 2021 special assessment to arrive at your 2022 total amounts. There is no 2022 special assessment, since that amount has basically been rolled into the 2022 replacement reserve dues. Claudia Wells said that she would be sending something to all owners in the next week or so explaining how the 2022 dues were arrived at.

Vince asked if there were any more questions about the 2022 budget. There were none. Those present then voted in favor of ratifying the budget that had previously been approved by the Board.

ELECTION OF BOARD MEMBERS

Steve Stafford said that there was one Board Member position that is vacant. That's the position that was held by Jenni Marquez. She sold her unit, so she had to resign. That position would have a 3 year term. Steve asked if anyone was interested in running for that position. Deron Dircksen said that he would be willing to serve as a Board Member unless someone else was interested. Those present then elected Deron as a Board Member with a 3 year term. Steve asked

for the Board Members to stay on the video conference after the end of the Annual Owners Meeting, for a short Board Meeting to elect the officers.

MAINTENANCE AND REPAIRS

Gretchen Ebberson asked when the concrete contractor was coming back to finish the concrete work and Steve Stafford said he was coming back in the spring of 2022.

Michele Ziccardi asked if management might be able to arrange a group deal for window replacement for those owners who are interested. Steve said that he had contacted some window replacement contractors, but they were all so busy that they weren't interested in working on a group deal with discounted prices. Steve said that he would try again in 2022. Blair Simon and Anthony Cornell said that some of their windows won't lock because the locking mechanisms are broken.

Deron Dircksen said that water is expensive, so the Association ought to look into updating its irrigation system and take other steps to save on water use. He also suggested looking into automated mowers.

ADJOURNMENT

There being no further business to discuss, Steve Stafford adjourned the meeting.

ELECTION OF OFFICERS

A short Board Meeting was held to elect officers. The following officers were elected:

- Deron Dircksen – President
- Bradley Stieber – Vice President
- Vince Jones – Treasurer
- Michele Ziccardi – Secretary

COMCAST

There was a brief discussion about Comcast service. They are still working on providing service throughout Eagle Ranch, including the West Village Condominiums. Supply chain issues, labor shortages and other logistical issues have delayed completion of the service. Hopefully completion will occur before the fall of 2022.

ADJOURNMENT

There being no further business to discuss, Steve Stafford adjourned the Board Meeting.